

Honolulu, Hawaii
March 24, 2016

RE: S.B. No. 2833
S.D. 2
H.D. 1

Honorable Joseph M. Souki
Speaker, House of Representatives
Twenty-Eighth State Legislature
Regular Session of 2016
State of Hawaii

Sir:

Your Committee on Housing, to which was referred S.B. No. 2833, S.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO THE LOW-INCOME HOUSING TAX CREDIT,"

begs leave to report as follows:

The purpose of this measure is to increase funding for affordable rental housing development by making the state low-income housing tax credit more valuable. Specifically, this measure reduces the applicable credit period of the state-low income housing tax credit from ten years to five years.

The Governor's Coordinator on Homelessness; Department of Taxation; Department of Human Services; Department of Business, Economic Development, and Tourism; Hawaii Housing Finance and Development Corporation; In-State Partners; Hawai'i Association of Realtors; Catholic Charities Hawaii; Building Industry Association of Hawaii; Land Use Research Foundation of Hawaii; Chamber of Commerce Hawaii; Hawaii Women's Coalition; and an individual supported this measure. The Tax Foundation of Hawaii provided comments.

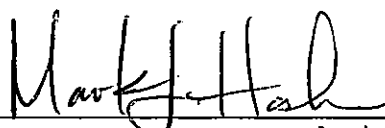


Your Committee has amended this measure by:

- (1) Changing the aggregate state housing credit dollar amount available for award annually to an amount equal to the amount allocated to the State under section 42(h) of the Internal Revenue Code;
- (2) Basing the amount of the low-income housing tax credit on whether or not a building is financed by tax-exempt bonds;
- (3) Repealing the requirement to apply at-risk rules according to section 42(k) of the Internal Revenue Code;
- (4) Specifying that section 42(k) and section 465 (with respect to deductions limited to amount at risk) and section 469 (with respect to passive activity losses and credits limited) of the Internal Revenue Code do not apply with respect to investments in buildings and projects claiming low-income housing tax credits; and
- (5) Making technical, nonsubstantive amendments for clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Housing that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2833, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2833, S.D. 2, H.D. 1, and be referred to your Committee on Finance.

Respectfully submitted on
behalf of the members of the
Committee on Housing,



MARK J. HASHEM, Chair



